



OHIO AUDITOR OF STATE
KEITH FABER



**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
MONTGOMERY COUNTY
DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITOR’S REPORT

Austin Center Joint Economic Development District
Montgomery County
Miamisburg Civic Center
10 North First Street
Miamisburg, Ohio 45342

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities and each major fund of the Austin Center Joint Economic Development District, Montgomery County, Ohio (the District), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States’ *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management’s accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and the major fund of the Austin Center Joint Economic Development District, Montgomery County, Ohio, as of December 31, 2019 and 2018, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 9 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 5, 2020

Austin Center Joint Economic Development District
Montgomery County, Ohio
Statement of Net Position - Cash Basis
December 31, 2019

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$544,083
Restricted Cash and Cash Equivalents with Fiscal Agent	<u>90,000</u>
<i>Total Assets</i>	<u>634,083</u>
Net Position	
Restricted for:	
Long-Term Maintenance	21,174
Debt Service	90,000
Unrestricted	<u>522,909</u>
<i>Total Net Position</i>	<u><u>\$634,083</u></u>

See accompanying notes to the basic financial statements

Austin Center Joint Economic Development District
Montgomery County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2019

	Governmental Activities
Disbursements:	
Economic Development	\$172,545
Intergovernmental	800,000
Debt Service:	
Principal Retirement	67,336
Interest and Fiscal Charges	20,019
Total Program Disbursement	1,059,900
 Receipts:	
Income Tax	1,100,213
Hotel Tax	215,771
Interest	60
Reimbursements	4,352
Total General Revenues	1,320,396
Increase in Net Position	260,496
Net Position, Beginning of Year	373,587
Net Position, End of Year	\$634,083

See accompanying notes to the basic financial statements

Austin Center Joint Economic Development District
Montgomery County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2019

	<u>General</u>
Assets	
Cash and Cash Equivalents	\$544,083
Restricted Cash and Cash Equivalents with Fiscal Agent	<u>90,000</u>
<i>Total Assets</i>	<u>634,083</u>
Fund Balances	
Restricted	111,174
Assigned	30,610
Unassigned	<u>492,299</u>
<i>Total Fund Balance</i>	<u><u>\$634,083</u></u>

See accompanying notes to the basic financial statements

Austin Center Joint Economic Development District
Montgomery County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2019

	General
Receipts	
Income Tax	\$1,100,213
Hotel Tax	215,771
Reimbursements	4,352
Interest	60
<i>Total Receipts</i>	1,320,396
Disbursements	
Current:	
Economic Development	172,545
Intergovernmental	800,000
Debt Service:	
Principal Retirement	67,336
Interest and Fiscal Charges	20,019
<i>Total Disbursements</i>	1,059,900
<i>Net Change in Fund Balance</i>	260,496
<i>Fund Balance, Beginning of Year</i>	373,587
Fund Balance, End of Year	\$634,083

See accompanying notes to the basic financial statements

Austin Center Joint Economic Development District
Montgomery County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Fund Balances - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Income Tax	\$810,000	\$810,000	\$1,100,213	\$290,213
Hotel Tax	225,000	225,000	215,771	(9,229)
Reimbursements			4,352	4,352
Interest	100	100	60	(40)
<i>Total Receipts</i>	<u>1,035,100</u>	<u>1,035,100</u>	<u>1,320,396</u>	<u>285,296</u>
Disbursements				
Current:				
Economic Development	300,962	300,962	203,154	97,808
Intergovernmental	800,000	800,000	800,000	0
Debt Service:				
Principal Retirement	67,336	67,336	67,336	0
Interest and Fiscal Charges	20,019	20,019	20,019	0
<i>Total Disbursements</i>	<u>1,188,317</u>	<u>1,188,317</u>	<u>1,090,509</u>	<u>97,808</u>
<i>Net Change in Fund Balance</i>	<u>(153,217)</u>	<u>(153,217)</u>	<u>229,887</u>	<u>383,104</u>
<i>Unencumbered Fund Balance, Beginning of Year</i>	365,108	365,108	365,108	
<i>Prior Year Encumbrances Appropriated</i>	<u>8,478</u>	<u>8,478</u>	<u>8,478</u>	
Unencumbered Fund Balance, End of Year	<u>\$220,369</u>	<u>\$220,369</u>	<u>\$603,473</u>	<u>\$383,104</u>

See accompanying notes to the basic financial statements

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**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. REPORTING ENTITY

The Austin Center Joint Economic Development District, Montgomery County, (the "District") is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was established by the Miami Township Board of Trustees, the Springboro City Council, and the Miamisburg City Council under the provisions of Sections 715.72 to 715.83 of the Ohio Revised Code on June 16, 2009. The District operates under the direction of a five-member Board of Directors with one member representing the municipal contracting parties appointed by Miamisburg, one member representing Miami Township and appointed by Miami Township, one member representing the owners of the businesses operating within the District appointed by Springboro, one member representing the persons employed within the District appointed by a majority of the first three members and the fifth member is selected by a majority of the other four members.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. It is the purpose of the District to facilitate economic development to create or preserve jobs and employment opportunities; and to improve the economic welfare of the people in the State, Montgomery County, Miamisburg, Springboro, Miami Township and the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District.

Based on these criteria, the District has no component units.

The District's management believes these financial statements present all activities for which the District is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting Section of this note, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. All activities of the District are governmental activities.

The statement of net position presents the cash balance of the District at year end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts with certain limitations. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts. The District did not have any program revenues.

Fund Financial Statements During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. The District only operates a General Fund.

Fund Accounting

The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All of the District's funds are categorized as governmental.

Governmental Funds The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following is the District's major governmental fund:

General The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

The contract between the Cities and Township prescribes a budgetary process for the District. The budget shall estimate the balance of funds available for operational and capital expenses and reserves. The Board shall expend funds in accordance with the budget. The Board of Directors approves the District's budget annually. Any amendments are also approved by the Board of Directors. The budget is prepared on a cash basis.

Cash

The District's cash is held in one depository account. The account is interest-bearing and interest goes back into the General Fund. There were no investments during the year.

Restricted Cash

The District is required to hold \$90,000 as a debt service reserve. See Note 7.

Inventory and Prepaid Items

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Long-Term Obligations

The District's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It would also include the long-term amount of any interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

The District contract between Miami Township, City of Miamisburg and City of Springboro requires a mandatory maintenance amount equal to one-half of one percent of the income tax revenues to be used for long-term maintenance of the District.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of District Board of Directors. Those committed amounts cannot be used for any other purpose unless the District Board of Directors remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by District Board of Directors or a District official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

4. DEPOSITS

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

The District holds no investments at December 31, 2019.

5. INCOME TAXES

The District levies a 2.25 percent income tax on substantially all income earned in the District. Additional increases in the income tax rate require resolution of the Board. Employers within the District withhold income tax on employee compensation and remit at least quarterly. Business taxpayers are required to pay their estimated tax quarterly and file an annual declaration. The City of Miamisburg collects income taxes on behalf of the District.

The District contract requires the District to set aside and provide in the budget, one-half of one percent of the amount of the income tax collected for long term maintenance of the District. The District shall pay 57.166% of the Contracting Parties Distribution to the Township, 22.267% to the City of Miamisburg and 20.567% to the City of Springboro.

**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

6. RISK MANAGEMENT

During 2019, the District contracted with Alliant Insurance Services, Inc. for general liability (rented property) and professional errors and omissions. Coverage is \$1,000,000 per occurrence with a \$1,000 deductible. The District's special liability policy also includes coverage for any hired or non-owned automobiles at a \$1,000,000 combined single limit with no deductible.

7. ODOT LOAN GUARANTOR

The District's long-term debt activity for the year ended December 31, 2019 was as follows:

	Amount Outstanding 12/31/18	Additions	Deletions	Amount Outstanding 12/31/19	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
Austin Boulevard & I-75 Interchange					
Enhancement Project SIB Loan	\$704,000		(\$67,336)	\$636,664	\$71,540
Total Governmental Activities	<u>\$704,000</u>	<u>\$0</u>	<u>(\$67,336)</u>	<u>\$636,664</u>	<u>\$71,540</u>

On September 22, 2017, the District entered into a loan agreement for \$704,000 with the Ohio Department of Transportation (ODOT) and the Montgomery County Transportation Improvement District (TID) to perform enhancements at the Austin Center Interchange including irrigation, hardscape, softscape and drainage.

As guarantor of the loan, the District will reimburse the TID annual debt service, which will be paid from income tax and hotel/motel tax collections. At December 31, 2018, \$127,288 of the remaining loan had been released by ODOT and paid by the TID to the contractor for the project. The full project was closed, and debt service payments started in 2019.

Annual debt service requirements to maturity for the ODOT SIB loan are as follows:

Year	SIB Loan	
	Principal	Interest
2020	\$71,540	\$18,567
2021	73,702	16,405
2022	75,930	14,177
2023	78,224	11,882
2024	80,589	9,518
2025-2027	<u>256,679</u>	<u>13,643</u>
Total	<u>\$636,664</u>	<u>\$84,192</u>

As a requirement of the loan, \$90,000 (one year of debt service) was transferred to a reserve account and held by the TID.

**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019**

8. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of December 31, 2019 the District had contractual commitments concerning the distribution of income tax monies as follows:

Miami Township	\$171,498
City of Miamisburg	\$66,801
City of Springboro	\$61,701

9. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March, 2020, due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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Austin Center Joint Economic Development District
Montgomery County, Ohio
Statement of Net Position - Cash Basis
December 31, 2018

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$283,587
Restricted Cash and Cash Equivalents with Fiscal Agent	<u>90,000</u>
<i>Total Assets</i>	<u>373,587</u>
Net Position	
Restricted for:	
Long-Term Maintenance	15,673
Debt Service	90,000
Unrestricted	<u>267,914</u>
<i>Total Net Position</i>	<u><u>\$373,587</u></u>

See accompanying notes to the basic financial statements

Austin Center Joint Economic Development District
 Montgomery County, Ohio
 Statement of Activities - Cash Basis
 For the Year Ended December 31, 2018

	Governmental Activities
Disbursements:	
Economic Development	\$329,085
Intergovernmental	900,000
Total Program Disbursement	1,229,085
Receipts:	
Income Tax	787,877
Hotel Tax	218,531
Interest	56
SIB Loan Proceeds	127,288
Total General Revenues	1,133,752
Decrease in Net Position	(95,333)
Net Position, Beginning of Year	468,920
Net Position, End of Year	\$373,587

See accompanying notes to the basic financial statements

Austin Center Joint Economic Development District
Montgomery County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2018

	General
Assets	
Cash and Cash Equivalents	\$283,587
Restricted Cash and Cash Equivalents with Fiscal Agent	90,000
<i>Total Assets</i>	373,587
Fund Balances	
Restricted	105,673
Assigned	8,478
Unassigned	259,436
<i>Total Fund Balance</i>	\$373,587

See accompanying notes to the basic financial statements

Austin Center Joint Economic Development District
Montgomery County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2018

	General
Receipts	
Income Tax	\$787,877
Hotel Tax	218,531
Interest	56
<i>Total Receipts</i>	1,006,464
Disbursements	
Current:	
Economic Development	329,085
Intergovernmental	900,000
<i>Total Disbursements</i>	1,229,085
<i>Excess of Receipts Over (Under) Disbursements</i>	(222,621)
Other Financing Sources	
SIB Loan Proceeds	127,288
<i>Total Other Financing Sources</i>	127,288
<i>Net Change in Fund Balance</i>	(95,333)
<i>Fund Balance, Beginning of Year</i>	468,920
Fund Balance, End of Year	\$373,587

See accompanying notes to the basic financial statements

Austin Center Joint Economic Development District
Montgomery County, Ohio
Statement of Cash Receipts, Disbursements and Changes
In Fund Balances - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Income Tax	\$700,000	\$700,000	\$787,877	\$87,877
Hotel Tax	240,000	240,000	218,531	(21,469)
Interest	100	100	56	(44)
<i>Total Receipts</i>	<u>940,100</u>	<u>940,100</u>	<u>1,006,464</u>	<u>66,364</u>
Disbursements				
Current:				
Economic Development	286,524	413,812	337,564	76,248
Intergovernmental	900,000	900,000	900,000	0
<i>Total Disbursements</i>	<u>1,186,524</u>	<u>1,313,812</u>	<u>1,237,564</u>	<u>76,248</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(246,424)	(373,712)	(231,100)	142,612
Other Financing Sources				
SIB Loan Proceeds	0	127,288	127,288	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>127,288</u>	<u>127,288</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(246,424)</u>	<u>(246,424)</u>	<u>(103,812)</u>	<u>142,612</u>
<i>Unencumbered Fund Balance, Beginning of Year</i>	431,921	431,921	431,921	
<i>Prior Year Encumbrances Appropriated</i>	<u>36,999</u>	<u>36,999</u>	<u>36,999</u>	
Unencumbered Fund Balance, End of Year	<u>\$222,496</u>	<u>\$222,496</u>	<u>\$365,108</u>	<u>\$142,612</u>

See accompanying notes to the basic financial statements

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**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. REPORTING ENTITY

The Austin Center Joint Economic Development District, Montgomery County, (the "District") is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was established by the Miami Township Board of Trustees, the Springboro City Council, and the Miamisburg City Council under the provisions of Sections 715.72 to 715.83 of the Ohio Revised Code on June 16, 2009. The District operates under the direction of a five-member Board of Directors with one member representing the municipal contracting parties appointed by Miamisburg, one member representing Miami Township and appointed by Miami Township, one member representing the owners of the businesses operating within the District appointed by Springboro, one member representing the persons employed within the District appointed by a majority of the first three members and the fifth member is selected by a majority of the other four members.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. It is the purpose of the District to facilitate economic development to create or preserve jobs and employment opportunities; and to improve the economic welfare of the people in the State, Montgomery County, Miamisburg, Springboro, Miami Township and the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District.

Based on these criteria, the District has no component units.

The District's management believes these financial statements present all activities for which the District is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting Section of this note, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. All activities of the District are governmental activities.

The statement of net position presents the cash balance of the District at year end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts with certain limitations. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts. The District did not have any program revenues.

Fund Financial Statements During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. The District only operates a General Fund.

Fund Accounting

The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All of the District's funds are categorized as governmental.

Governmental Funds The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following is the District's major governmental fund:

General The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

The contract between the Cities and Township prescribes a budgetary process for the District. The budget shall estimate the balance of funds available for operational and capital expenses and reserves. The Board shall expend funds in accordance with the budget. The Board of Directors approves the District's budget annually. Any amendments are also approved by the Board of Directors. The budget is prepared on a cash basis.

Cash

The District's cash is held in one depository account. The account is interest-bearing and interest goes back into the General Fund. There were no investments during the year.

Restricted Cash

The District is required to hold \$90,000 as a debt service reserve. See Note 7.

Inventory and Prepaid Items

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Long-Term Obligations

The District's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It would also include the long-term amount of any interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

The District contract between Miami Township, City of Miamisburg and City of Springboro requires a mandatory maintenance amount equal to one-half of one percent of the income tax revenues to be used for long-term maintenance of the District.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of District Board of Directors. Those committed amounts cannot be used for any other purpose unless the District Board of Directors remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by District Board of Directors or a District official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

4. DEPOSITS

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

The District holds no investments at December 31, 2018.

5. INCOME TAXES

The District levies a 2.25 percent income tax on substantially all income earned in the District. Additional increases in the income tax rate require resolution of the Board. Employers within the District withhold income tax on employee compensation and remit at least quarterly. Business taxpayers are required to pay their estimated tax quarterly and file an annual declaration. The City of Miamisburg collects income taxes on behalf of the District.

The District contract requires the District to set aside and provide in the budget, one-half of one percent of the amount of the income tax collected for long term maintenance of the District. The District shall pay 57.166% of the Contracting Parties Distribution to the Township, 22.267% to the City of Miamisburg and 20.567% to the City of Springboro.

**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

6. RISK MANAGEMENT

During 2018, the District contracted with Alliant Insurance Services, Inc. for general liability (rented property) and professional errors and omissions. Coverage is \$1,000,000 per occurrence with a \$1,000 deductible. The District's special liability policy also includes coverage for any hired or non-owned automobiles at a \$1,000,000 combined single limit with no deductible.

7. ODOT LOAN GUARANTOR

The District's long-term debt activity for the year ended December 31, 2018 was as follows:

	Amount Outstanding 12/31/17	Additions	Deletions	Amount Outstanding 12/31/18	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
Austin Boulevard & I-75 Interchange Enhancement Project SIB Loan	\$576,712	\$127,288		\$704,000	\$67,336
Total Governmental Activities	<u>\$576,712</u>	<u>\$127,288</u>	<u>\$0</u>	<u>\$704,000</u>	<u>\$67,336</u>

On September 22, 2017, the District entered into a loan agreement for \$704,000 with the Ohio Department of Transportation (ODOT) and the Montgomery County Transportation Improvement District (TID) to perform enhancements at the Austin Center Interchange including irrigation, hardscape, softscape and drainage.

As guarantor of the loan, the District will reimburse the TID annual debt service, which will be paid from income tax and hotel/motel tax collections. At December 31, 2018, \$127,288 of the remaining loan had been released by ODOT and paid by the TID to the contractor for the project. The full project was closed, and debt service payments will begin in 2019.

Annual debt service requirements to maturity for the ODOT SIB loan are as follows:

Year	SIB Loan	
	Principal	Interest
2019	\$67,336	\$20,019
2020	71,540	18,568
2021	73,702	16,405
2022	75,930	14,177
2023	78,225	11,882
2024-2027	<u>337,267</u>	<u>23,166</u>
Total	<u>\$704,000</u>	<u>\$104,217</u>

As a requirement of the loan, \$90,000 (one year of debt service) was transferred to a reserve account and held by the TID.

**AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

8. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of December 31, 2018 the District had contractual commitments concerning the distribution of income tax monies as follows:

Miami Township	\$171,498
City of Miamisburg	\$66,801
City of Springboro	\$61,701

9. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March, 2020, due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Austin Center Joint Economic Development District
Montgomery County
Miamisburg Civic Center
10 North First Street
Miamisburg, Ohio 45342

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities and the major fund, of the Austin Center Joint Economic Development District, Montgomery County, (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 5, 2020, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted that the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

June 5, 2020

OHIO AUDITOR OF STATE KEITH FABER



AUSTIN CENTER JOINT ECONOMIC DEVELOPMENT DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 25, 2020**